

## **REMARKS**

The enclosed is responsive to the Examiner's Final Office Action mailed on September 15, 2010 and is being filed pursuant to a Request for Continued Examination (RCE) as provided under 37 CFR 1.114. At the time the Examiner mailed the Final Office Action claims 1-20 were pending. By way of the present response the Applicants has: 1) amended claims 1, 3, 4, 5, 9, 10, 11 and 14; 2) canceled claims 2, 7, 8, 15, 19 and 20; and, 3) not added any claims. As such, claims 1, 3-6, 9-14 and 16-18 are pending. The Applicant respectfully requests reconsideration of the instant application and the allowance of claims 1, 3-6, 9-14 and 16-18.

The Examiner has rejected independent claim 14 as being directed to non-patentable subject matter. In response, the Applicant has amended independent claim 14 to expressly disavow transitory electromagnetic signals by themselves.

The Examiner has rejected independent claims 1, 9 and 14 under 35 USC 103 as being obvious in view of the Kuhn and Vetro references. In response, the Applicant has amended each of independent claims 1, 9, and 14 to recite that the first frame part and second frame part are identified as different areas of a frame. This limitation stands in stark contrast to the Vetro reference which expressly

limits itself to object based bit rate adjustment and not frame area based bit rate adjustment.

In particular, col. 8 of Vetro describes, for example, treating bit rate adjustment of a newscaster differently than the bit rate adjustment of the newscaster's background. Here, it is clear from the discussion of Vetro that the newscaster and background are treated as separate objects that are identified and tracked on a frame to frame basis. Col. 8, lines 23-26 of Vetro state (emphasis added)

Because our goal is to provide the best overall quality for objects of varying complexity, the degradation of each object need not [be] the same. Note, here we parse objects and not frames as described above.

Vetro, Col. 8, lines 23-26.

The last sentence above is particularly noteworthy in that it effectively states that the information whose corresponding bit rates are adjusted differently are tracked only on an object to object basis and not as different areas of a frame.

As such the Applicant has amended each of independent claims 1, 9 and 14 to include identification of different frame parts based on frame area thereby eliminating any application of Vetro against these claims.

As such the Applicant respectfully submits that all claims now presented are allowable and respectfully request the allowance of same.

## CONCLUSION

Applicant respectfully submits that the rejections have been overcome by the amendments and remarks, and that the pending claims are in condition for allowance. Accordingly, Applicant respectfully requests the rejections be withdrawn and the pending claims be allowed.

If there are any additional charges, please charge Deposit Account No. 02-2666 for any fee deficiency that may be due.

Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN LLP

Date: January 18, 2011      /Robert B. O'Rourke/  
    Robert B. O'Rourke

1279 Oakmead Parkway  
Sunnyvale, California 94085-4040  
(408)720-8300